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GERS Chairman Optimistic That Insolvency Could be Staved Following Meeting With Senate Sub-Committee

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A money time bomb. G.E.R.S. is facing insolvency as soon as 2023, according to Moody's Rating Agency. Seven Senators met with the pension system's board last week to come up with solutions to stave off collapse.

Government Employees' Retirement System Board Chairman, Nellon Bowry, said Thursday he was optimistic for a potential solution to the G.E.R.S. looming insolvency following a meeting with seven senators last week, among them Senate Finance Committee Chairman Kurt Vialet, who also chairs the newly created sub committee focused on G.E.R.S.

Mr. Bowry expressed optimism as the meeting included a full range of potential options to prevent G.E.R.S. insolvency. He was also encouraged to see subcommittee members fully engaged. The

chairman did not go into specifics relative to the options for refinancing, but said potential solutions were on the table.

There will be a second G.E.R.S. meeting with the subcommittee, called the G.E.R.S. Restructuring Insolvency and Economic Development Sub-Committee, in about three weeks. The pension system was asked to bring prepared analysis from consultants with an outline for potential ways forward. Mr. Bowry agreed to the request and said he expects the meeting to be “a good start to what we hope to be a solution to fix the problem.”

Potential solutions will most likely look very different from the [proposed debt refinancing plan that appeared](#) before the 33rd Legislature, as lawmakers who supported the Bryan proposal are not part of the 34th Senate.

The sub-committee was created as part of the 34th Legislature's commitment to give special attention to the most daunting problems facing the territory, Senate President Donna Frett-Gregory told the Consortium. To that end, three sub-committees were created with focus on G.E.R.S., public safety and health matters, and infrastructure and disaster recovery.

On the meeting, Ms. Frett-Gregory stated, "I left the meeting feeling very optimistic myself. We were able to work with the leaders of the G.E.R.S. as well as the actuaries, and we came up with some potential solutions. We have to flesh them out, of course."

She also cautioned that a solution to saving the beleaguered system would not come without sacrifices. "The solutions are not easy solutions. We're going to have to make some hard decisions, but at the end of the day our focus is to ensure that we are in a place where we remove the anxiety from our government employees and retirees, as well as figuring out a way to ensure that we have some solvency going into the future," Ms. Frett-Gregory stated.

Mr. Violet shared the same sentiments with his colleague and Mr. Bowry. "The meeting was fruitful. We took a hard look at the numbers and we had a discussion as to possible solutions to make sure that the system is saved," he said. "In no way do we want the system to go insolvent within the next two to three years. We are committed to provide additional resources to the system. We will in a short period of time, after we have really fleshed out everything and we know it's concrete, we'll announce to the community and to the retirees as to our suggestions moving forward to save the system."

The sub-committee plans on meeting with retirees during the summer but has decided on first coming up with a solution to present, Mr. Violet said.

The G.E.R.S. board also discussed one of Governor Albert Bryan's recommendations relative to a G.E.R.S. loan program. Austin Nibbs, G.E.R.S. administrator, explained that the proposal would see credit unions issuing loans to active members of G.E.R.S. (not retirees) in an amount not exceeding \$10,000, with an active payback period of no more than five years. G.E.R.S. would guarantee the collateral up to the amount of the loan and receive a percentage of the interest.

Mr. Nibbs said he was told by a representative of the St. Thomas Credit Union that the banking institution would not approve the proposal. He added that he had not heard from the St. Croix Credit Union on the plan.

Board members said if the credit unions okayed the plan, implementation would be dependent on board approval. Mr. Nibbs said his recommendation would be to not participate in the plan. Mr. Bowry said a board-approved response would need to be formulated, to include recommendations

to the proposed loan program, before being presented to Mr. Bryan.

The board meeting took place just two days after Moody's Rating Agency said G.E.R.S. would likely collapse in 2023 after depleting assets and be forced to cut retirees' benefits by 50 percent if action is not taken to save it.

While the [report](#) came out Tuesday, the initial subcommittee meeting took place last Friday.